

Telecom Regulatory Authority of India
2nd February, 2007
Press Release No. 19 / 2007

TRAI decides lower Port charges

Telecom Regulatory Authority of India (TRAI) today issued amended Regulations on Port charges. The amended regulations shall be effective from 1st April, 2007.

With the induction of the competition in the telecom sector in the country, the interconnection among the service providers has become an essential requirement for the development of the sector. In the multi-operator multi-service scenario, establishment of effective interconnection helps the consumers of one network to communicate with the consumers of another network. Port is an essential part for the establishment of the interconnection between two networks. The Port charges are payable by the interconnection seeker to the interconnection provider for terminating interconnection links on the network interface of the interconnection provider.

On 28th May 1999, the Authority had notified "The Telecommunication Interconnection (Charges and Revenue Sharing) Regulation 1999", which specified arrangements among service providers for interconnection charges and revenue sharing for all telecommunication services including Port Charges. A revised regulation on Port Charges: "The Telecommunication Interconnection (Port Charges) Regulation 2001", was made effective on 28th December 2001. There has been a long pending demand by interconnection seekers that Port charges need to be reviewed to align with the current switch/exchange costs. The present amendment has been issued after reviewing the costs.

In the present review, the Authority has taken costs of the network elements furnished by the service providers (interconnection seekers and interconnection providers) and also aligned the costing methodology with current practices adopted by the Authority in various regulations / tariff orders. For determination of the Port charges, the reasonable returns (Pre-tax Weighted Average Cost of Capital) @ 14% per annum on the capital employed (net block only) has been considered after providing depreciation @10% per annum based on Straight Line Method of depreciation. Additionally, overhead @ 10% on capex recovery has been added.

The salient features of amended regulations are:

- Reduction in the existing Port charges by about 23% to 29% for various slabs.

.Table-1

Comparison of existing and revised Port Charges (effective from 1st April 2007)

No. of 'Ports' (Slab)	Existing 'Port' Charges (Rs.) per annum	Revised 'Port' Charges (Rs.) per annum
1 to 16 PCMs	N*55,000	N*39,000
17 to 32 PCMs	8,80,000 + (N-16)*30,000	6,24,000 + (N-16)*22,500
33 to 64 PCMs	13,60,000 + (N-32)*20,000	9,84,000 + (N-32)*14,500
65 to 128 PCMs	20,00,000 + (N-64)*15,000	14,48,000 + (N-64)*11,500
129 to 256 PCMs	29,60,000 + (N-128)*14,000	21,84,000 + (N-128)*10,500

Note.----N refers to the number of 'Ports' within the capacity ranges under the column 'No. of Ports'.

- TRAI expects that service providers will pass the benefit of reduction in Port charges to the consumers.
- Interconnection seekers are mandated to place their demand for the required number of Ports, on every Point of Interconnection (POI) on the basis of traffic projection, on six monthly basis.
- Facilitate the Interconnection Providers to take timely action to procure the expansion equipment for provisioning of Ports.
- Help effective and timely interconnection among different networks thereby improving the quality of service to consumers.

The amendment Regulations is available on TRAI's website: (www.trai.gov.in).

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Authorised for Issue

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